

Exhibit 5



CALLAN ASSOCIATES^{INC.}

SAN FRANCISCO

NEW YORK

CHICAGO

ATLANTA

DENVER

Teachers' Retirement System*Retirement Security for Illinois Educators***Investment Consultant Services Questionnaire**

- total value of all trades done with each broker
- number of shares traded with each broker
- average cents per share commission paid to each broker
- average cents per share that the execution price is away from the market price (average high and low) for each trade
- true cost of executing each trade.

The analysis identifies the average commissions and execution costs for each manager and broker, and compares these trading results against a large sample of other managers, brokers, and funds in our database.

L. Describe your firm's capabilities in transition management evaluation.

Callan was the first in the industry to recognize that a transition management is not just about portfolio liquidation. Callan began providing Transition Consulting assistance to plan sponsors in 1986. The practice was formalized in 1991 with the formation of the Trust, Custody, and Securities lending group head by Bo Abesamis.

Callan believes that transition management is short-term asset management and requires the skill and prudence of an investment fiduciary. Callan was the first in the industry to support the development of a pre-screened, pre-qualified, pre-contracted "bench or pool" of transition managers that would be able to respond to all facets of transition management (whether it be portfolio liquidation, asset allocation re-balancing, manager restructure, etc.) at the client's "beck and call" when the need arises.

Since 1999, Callan has completed 32 transition management reviews and searches with total assets at around \$350 billion. Callan has met, conducted on-site visits and/or provider analysis of the following *institutional* transition managers over the last three years:

- Abel Noser
- Bear Stearns Transition Services
- BGI
- BNY Brokerage
- Capital Institutional Services
- Citibank (Salomon Smith Barney)
- CS First Boston
- Deutsche Bank
- Donaldson & Co.
- Goldman Sachs
- JP Morgan
- Lehman

Teachers' Retirement System

Retirement Security for Illinois Educators

Investment Consultant Services Questionnaire

- Mellon Transition Management Services
- Merrill Lynch
- Morgan Stanley
- Northern Trust Transition Management
- Russell Securities (Frank Russell)
- State Street Global Markets
- UBS

M. Describe your firm's performance attribution capabilities. Include a breakdown of performance attribution capabilities by each asset class.

Callan can provide performance attribution on the total fund, on the composite of managers in each asset class and on each individual publicly traded security portfolio, assuming we receive security level information in a timely manner. Sample attribution pages for each asset class are included in the *appendix* of this proposal.

Total Fund Attribution

Total Fund Attribution focuses on evaluating the difference in the fund's total rate of return and the total rate of return of the fund's target index. The analysis attributes the difference between the two returns to two factors: *the manager effect and asset allocation effect*.

To explain the difference between the total fund return and the total target return we first change one of the two factors that determine return and construct an intermediate portfolio. The intermediate portfolio is constructed by using the returns of the target index and the actual weights of the fund.

The intermediate portfolio return is the return that the fund would have earned if each manager had achieved its benchmark index, using the fund's actual asset allocation. In this way we are isolating the impact of the sponsor's decision to weight the asset classes differently from the policy target. The difference between the total target return and the intermediate portfolio return is called the *asset allocation effect*.

We next work to isolate the second factor in explaining total fund performance: the *manager effect*. To measure the *manager effect*, the total fund return is divided by the intermediate portfolio return. This procedure works because the two returns use the same asset weights and vary only in the use of actual returns versus target returns.

By construction, the *asset allocation effect* and the *manager effect* are multiplicative, and together explain all the difference between the total fund return and the total target return.

Cumulative Attribution: The *asset allocation* and *manager effects* are calculated on a quarterly basis. The effects are then transformed into factors and stored. These